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The Grain Trade
in
Western Canada



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ISSUED ON THE OCCASION OF THE
DOMINION OF CANADA
DIAMOND JUBILEE OF CONFEDERATION
1867-1927

The Grain Trade of Western Canada took definite form with the organization of the Winnipeg Grain and Produce Exchange in the year 1887, and continues to centre in the Winnipeg Grain Exchange.

The Grain Trade in Western Canada

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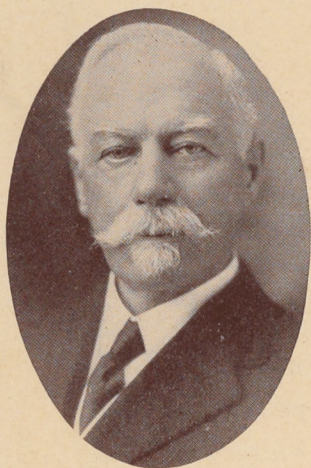
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FOREWORD

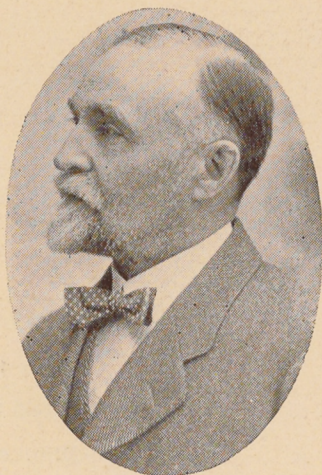
The development attained by Western Canada's basic industry, "grain production," during a period of time less than represented by the Diamond Jubilee, presents an outstanding sequence to the foresight of the Fathers of Confederation.

That the term "granary of the British Empire" should in recent years so fittingly accrue to the section of our Dominion generally known as "the Prairies," could hardly have been conceived sixty years ago.

What follows by way of word and picture to portray the part played by the Grain Trade in Western Canada to further that development is but a meagre attempt to record the initiative and spirit of the "originals" and many of the present membership of the Grain Trade, and is not intended in any sense to represent a complete record of achievement or events.



*Sir Daniel H. McMillan, K.C.M.G.,
First President, Winnipeg Grain and
Produce Exchange, Year 1887.*



*Dr. C. N. Bell, F.R.G.S., Secretary,
Winnipeg Grain and Produce Ex-
change, 1887-1916.*



*A. Thomson, President, Winnipeg
Grain Exchange, 1927.*



*Dr. Robt. Magill, Secretary, Winnipeg
Grain Exchange, 1916-1927.*

Primary Need for Grain Market

Lord Selkirk's Red River Settlement is usually alluded to as marking the birth of Western Canada's development. Yet progress was very slow during the sixty-four year period, 1812-1876, and in the latter year, the total area sown to grains, was only 26,722 acres. Farming had reached a condition of near-stagnation and the West was held stationary in the grip of a "production limit" governed by actual "home consumption."

*Early
Stagnation*

Were these plains ever to be peopled by energetic settlers, its idle lands allowed to grow grain in millions of bushels, an agency, other than the farmer, had to remove the existing limit on production. Some agency had to develop an outside market for our produce. A demand for our wheat was needed which would permit the farmer to produce to the maximum, and be remunerative enough to encourage the establishment of improved means of production, transportation and banking.

*An Agency
Needed*

The organization of an export grain trade said, in effect, to the farmer: "Grow every possible bushel, you will be paid for it." Manitoba, No. 1 Hard, each bushel an advertising agent without peer, went abroad, carrying, as no other agency could, the news of our fertile soil. Doubts of the quality of our grains shortly vanished, and, with the knowledge that the sale of produce had been assured by the establishment of export facilities, the barrier to progress was removed and homeseekers in thousands came to settle on our prairies.

*Grain Export
Organized*



*Original members of Winnipeg
Grain and Produce Exchange, year
1893.*



*Group of Winnipeg grain men
year 1897.*

RAPID DEVELOPMENT

The swift years have indeed wrought changes in Western Canada. With grain production in 1925 amounting to over 800 million bushels, with handling facilities which have moved the crop at the rate of over 2,000 cars per day, and with individual farmers, by truck and tank, able to deliver from 500 to 1500 bushels per day, it is almost unbelievable that fifty years ago the greater portion of our grain found its way from farm to mill on human back, across the withers of saddle horse, by canoe, or cumbersome Red River cart.

*Production
and Facilities*

The 1876 grain production was 1,233,000 bushels. In 1925 it was 820,037,000 bushels, or an increase of over 665 times in fifty years. The grain acreage in 1876 was 26,722 acres. Today there are five large farms in Western Canada, whose combined acreage alone exceeds that amount. The total acreage seeded to grain in the Prairie Provinces in 1926, in round figures, was 37,000,000 acres.

*Fifty Years
of Expansion*

The farm of today with gang plows, tractors, discs, drills, lift harrows, cultivators, binders, stubble burners and threshing machines, offers a striking contrast to the time, well within the memory of many still with us, when the brush harrow, the scythe, and the flail were the chief instruments of agricultural production.

*Farm
Equipment*

PIONEER DAYS

The "Anson Northrup," the first Red River steamer, so warmly welcomed by Winnipeg on May 19, 1859, found no grain cargo awaiting export. Ten years later, in 1869, these prairies actually imported 11,739 bushels of wheat and barley, and in addition 7,275 barrels of flour. In 1926, the

*Wheat and
Flour Export*

export of wheat alone was over 300 million bushels. The demand for farm machinery in 1869, is reflected by the import of 32 mowers and reapers and 37 ploughs and cultivators.

Though these small beginnings are viewed with respect by the present generation, only the old timers seem to realize how startlingly recent they have been, as time counts in the life of a nation.

*First Export
Shipment of
Wheat*

Prior to 1877, dealing in grain occupied a comparatively modest place in the business life of the prairies, but in that year a shipment of 877½ bushels of wheat marked the first export of our grain.

The credit for the arrangement of this and later shipments is peculiarly the property of the Grain Trade. What vast changes to the West were to result, were probably but dimly foreseen or what numerous difficulties, hazards, and at times paralyzing losses were to be endured in the erection of an efficient export system, were, perhaps fortunately, not realized, either.

IDEALS AND PROBLEMS

*A Grain
Exchange
Necessary*

The organization of the Winnipeg Grain and Produce Exchange was an act of necessity.

In the Grain Trade, a common basis of business, a uniform set of trade terms, a common fund of statistical and price information, arbitration instead of litigation, and a high code of honour in all transactions are basic essentials.

Problems of great importance to the development of an adequate system of export, had to be solved satisfactorily, if grain production was to be developed. Grain standards, grading and inspection were originally arranged in

the East, and in some respects favored eastern producers and shippers, whereas it was necessary that Prairie grain have its own standards, that it go to the world markets with a distinct label, that it perform to the fullest degree its work as an advertising agent for Western Canada. Prohibitive transportation charges had to be lowered, and the identity of our wheat be preserved. The collection of statistics was essential, because of their service to producer and shipper, and for their publicity value.

*Standards for
Prairie Grain*

Varieties of grain suitable for export must be grown and plant diseases and weeds be combatted. Seed grain had to be provided for destitute settlers.

*Duties to be
Performed*

Dealing with these problems demanded the formation of an Exchange. The necessity was first met by the forming of a "grain committee" by the Winnipeg Board of Trade. However, as the grain business developed, it became apparent that a separate organization was needed. Accordingly in 1883, organization was effected, but the time was not mature. The funds on hand were donated to the General Hospital and the association disbanded.

*First Attempt
to Organize
Grain Market*

On Nov. 24, 1887, a meeting was held in the Board of Trade rooms and as a result the Winnipeg Grain and Produce Exchange came into being. The constitution of the defunct 1883 Exchange was adopted temporarily and signed by all present. D. H. McMillan was elected president; G. F. Galt, vice-president; C. N. Bell, secretary-treasurer; A. Atkinson, J. A. Mitchell, N. Bawlf, S. Spink, D. G. McBean, W. A. Hastings and K. MacKenzie, Committee of Management.

*Winnipeg
Grain and
Produce
Exchange
Organized 1887*

The entrance fee was fixed at \$15.00. Arrangements were made to secure regular market reports telegraphed from English and American markets.

Membership

The membership rapidly reached to fifty, when the fee was raised to \$25.00. Before the year passed, there were one hundred members and the fee had been raised to \$50.00 and finally to \$100.00.

An Act of Incorporation of the Winnipeg Grain and Produce Exchange, was assented to on April 18, 1891.

Quarters were secured in the building occupied by the Winnipeg Board of Trade. In 1892, Mr. Nicholas Bawlf erected an office building on Market Square, into which the Exchange moved. The event was celebrated enthusiastically at a "house warming" on November 12, 1892. In 1898, accommodation was secured in the Winnipeg Chamber of Commerce building. This sufficed until in 1908 when the Exchange opened its new home on the present site. It was necessary at that time to organize a Traders Building Association, which took over control of the building and acts as landlord. The tremendous growth of the grain business handled through Winnipeg, made further building necessary, and in 1916, 1917, 1920 and 1921, additional space was provided, until today, the Exchange occupies the largest office building in Canada.

Expansion of Winnipeg Grain Trade

Organizations Within the Trade

The passing years brought problems for the successful handling of which new organizations within the Trade were necessary. They are:

The Winnipeg Grain Exchange, which provides a market place, market information, a system of arbitration, fixes minimum commission rates, regulates the form of contracts for Future Trading, and makes and enforces a set of by-laws and rules for all of these.

The Winnipeg Grain and Produce Exchange Clearing Association acts as a clearing house for all trade in futures

and cash grain. It attends to all freight and insurance on shipments and acts as a medium through which the banks levy drafts on the individual trading firms.

The Lake Shippers' Clearance Association is an association of grain shippers operating as a clearing house for grain documents on the principle of a bank clearing house. It combines all the documents of the different shippers to facilitate the handling of cars at the head of the lakes and to give vessels the maximum of dispatch.

The Northwest Grain Dealers' Association is comprised of operators of country elevators and buys and sells supplies for its members, issues crop estimates, which are the only ones officially recognized by the Trade, and operates an inspection service of country elevators.

The Traders' Building Association, which owns the Grain Exchange Building.

Where reference is made herein to the "Trade" or "Exchange," the designation is meant to apply to all the various branches. No differentiation of achievements is possible in the limited space available.

Briefly, the problem of the Trade has been to establish a system of export, permitting Prairie grains to be sold in foreign markets in competition with the grains of other countries, many of which possessed advantages in regard to distance and other factors.

GOVERNING FACTORS

Granted that the development of Western Canada to date has resulted largely from the successful sale of her grains abroad, it is interesting to consider the factors which



*Opening of market new Winnipeg
Grain Exchange, September, 1908.*



Grain Exchange Building, 1908.

have been most potent. These readily suggest themselves as world price, production efficiency and marketing efficiency.

In regard to world price, we have seldom been in the position to say to the foreign buyer: "This is our price. Pay it." The price has been fixed by supply and demand and the extent to which our grain has been sold at satisfactory levels, in the main, has depended upon the world supply and the fraction of it represented by Prairie grain.

*World Supply
Establishes
the Price*

The Canadian wheat surplus has never exceeded more than 10% of the world production and has but rarely permitted the "holding up" of the price. Any attempt to do so would have resulted in the purchase of inferior grain and the use of substitutes. We cannot "hold up" the world buyer.

*Canadian
Surplus
Seldom
Controls Price*

The margin of profit to the producer depends upon the world price, minus the total cost of production and marketing. Obviously, the two latter factors are the ones which we have the power to influence most. If production and marketing costs are too high, it cannot be said to the foreign buyer: "Our costs are higher, you must pay more because of our inefficiency." The only certain assurance of a reasonable margin of profit is to have efficient production and marketing at minimum cost. Each of these factors has had a decisive influence; the first has been the problem of the farmer and the latter the task of the Grain Trade, and both have been equally important in determining the margin of profit to the producer.

*Factors
Determining
the Producer's
Profit*

If, for example, the farmer paid too high a price for his land, machinery, labour, etc., and relied too much upon skimpy ploughing, discing, stubbling, poor stooking, ill-kept power, with resultant scanty and weedy crops, then produc-

*The Farmer's
Problem*



The Winnipeg Grain Exchange of 1927

tion cost would mount so high that no amount of efficiency by the trade would assure the farmer a margin of profit.

On the other hand, if, through inefficiency of transportation, storage, and the dozen other odd factors entering into marketing, the cost of exporting should be excessive, then, no matter what the efficiency of production, the farmer would suffer.

*Task of the
Grain Trade*

That neither the farmer nor the grain trade have failed is attested by the substantial value of farm property and the prosperous cities, towns and villages which dot our prairies. The measure of the efficiency of the farmer and the Trade is the measure of the progress made by Western Canada. These prairies today, in contrast with what they were fifty years ago, is a testimonial to the way in which those responsible have succeeded in influencing the factors within their control.

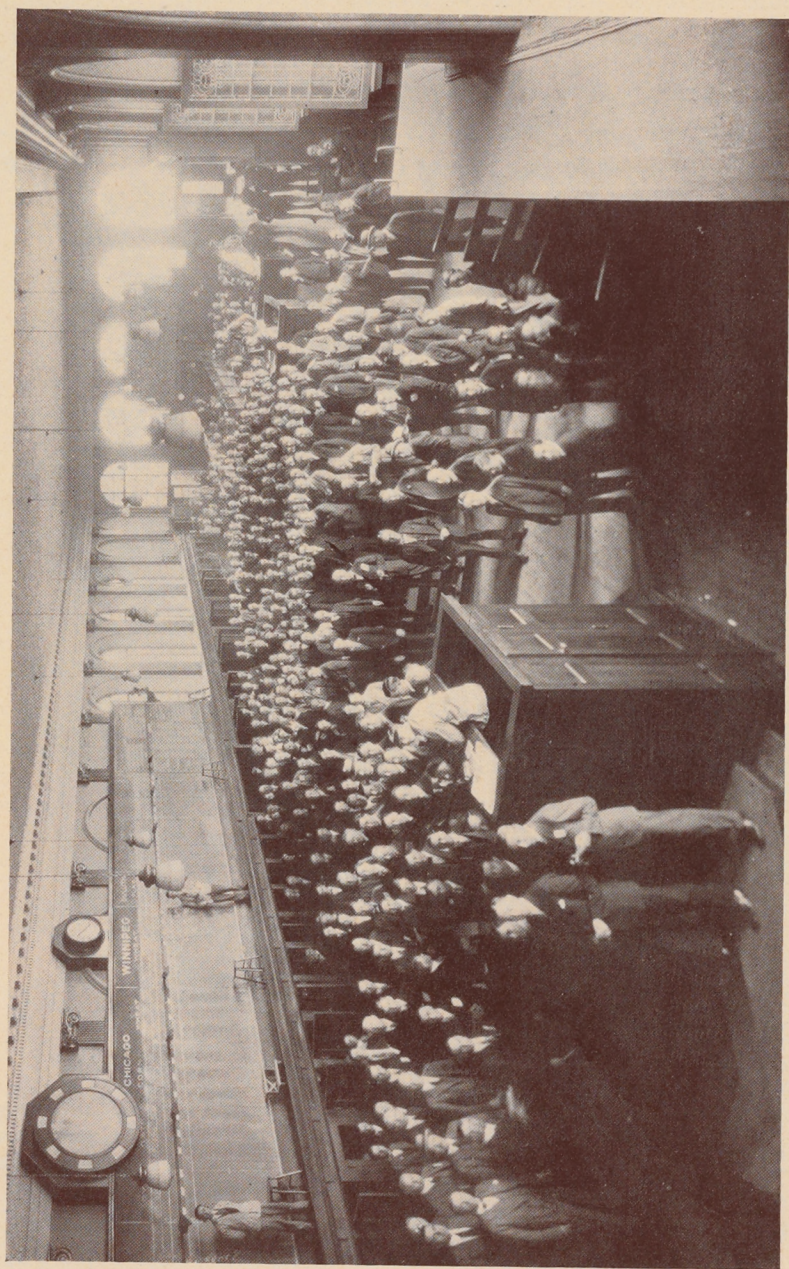
*Prosperity
Denotes
Efficiency*

SERVICES PERFORMED

What has been the record of the Grain Trade in regard to marketing efficiency? It may be stated that the "Trade" has created a system of grain handling which compares favorably with those of the other exporting countries of the world. More, the Trade has not been content to sit back and say: "All we have to do is buy and sell," but on the contrary, have successfully pressed for fair freight rates, extended navigation seasons, improved harbour and transportation facilities, equitable insurance rates, reasonable demurrage charges, correct grain standards and impartial government inspection. Further, they have taken active interest in the maintenance of the quality and good name of Western Canadian grains and the retention of its identity.

*A Progressive
Marketing
Organization*

*Maintaining
Good Name of
Western Grain*



Market in session on trading floor of Winnipeg Grain Exchange, year 1927

Prodding government departments to action in the fight against plant disease and weeds; arranging the supply of seed grain at reduced freight rates; defeating the attempts of outside agencies to lower the standard of Western wheat, have all been part of the day's work to the Trade. They have accepted without protest, in time of national necessity, the most sanguinary losses in order that conditions arising from the war might be met.

The exchange early recognized the need for practical steps to widen the field of export. It was not enough to buy and sell; to establish foreign connections; to insist on a maintenance of standards; to evolve an almost perfect system of grain handling.

Our wheat was at a premium because of its milling value. That premium must be maintained by combating the agencies threatening physical deterioration: weeds, plant diseases, poor seed and poor farming. Our barley and oats were not exportable, the former because of its unknown excellence and the latter because of its known poor quality.

In 1887, the Exchange appointed a representative to carry out tests determining the value of our barley in comparison with that of other countries. In 1888, this report was submitted and established beyond doubt, the quality of Prairie barley. Circulars containing the information were placed in the hands of 6,000 prospective buyers. Numerous enquiries resulted and, with this interest awakened, a demand was created and large scale production became possible. This, which had only amounted to 353,000 bushels in 1876, in the years following, increased by millions, until, in 1926, the barley crop totalled 85,581,000 bushels.

*Trade Performs
Essential Duties*

*Agencies
Threatening
Deterioration*

*Advertising the
Quality of
Prairie Barley*

*Barley
Production*

81.644.000

*Eliminating
Inferior Oats*

Black or mixed oats were grown, neither of which possessed other than feed value. The Exchange actively pressed for the growing of white oats and in conjunction with the experimental farms succeeded in putting an end to the inferior varieties.

Oat Production

One more "limiting factor" was thus removed and an entire new field of production made available. The production of oats, which was 383,000 bushels in 1876, increased to 241,632,000 bushels in 1926.

20.453.000

*Markets for
Rye, Flax and
Winter Wheat*

Through the passing years, foreign markets for our rye, flax and winter wheat had to be established. The Grain Trade sent samples, in thousands, to foreign buyers. Once the demand was established, competition soon set a price that permitted the farmer to produce them on a large scale.

*Poor Varieties
Discouraged*

Attempts were often made to introduce high yielding but inferior varieties of grain. The Exchange has been quick to make tests of these, and once the point was established that their production was likely to imperil our high standing with the foreign buyer, communicated with the responsible authorities and advised against their introduction. Dr. Saunders was in touch with the Exchange on matters of this kind. Accordingly, many inferior varieties were thrown into the discard, to the benefit of producers generally, but often to the loudly expressed disgust of individual growers who felt they had made a "find."

DEVELOPMENT OF HOME MARKET

*Creating a
Market for
"Off-Grades"*

One of the early problems of the Trade was the establishing of markets for "off-grade" grain. The President of the Grain Exchange in 1890, expressed the view of the

Trade in his annual address, as follows: "Another matter of importance to the Exchange and the farmers, is that of making Winnipeg a milling centre. If the water power of St. James rapids were utilized for the same purpose as the St. Anthony Falls at Minneapolis, I am satisfied that thousands of dollars would annually be saved to the farmers of this Province. What I mean is, that if we had several large mills here, grinding practically for export, they would be able to absorb all the sample stuff that might offer at fair prices. This would apply particularly to a year, such as this, as we all know that owing to the condition of the wheat, a large amount is "off grade" and is practically slaughtered in the East. I am also of the opinion that Winnipeg should have terminal elevators, where the receipts of the country could be collected, cleaned, graded and sold in round lots; an official inspector and weighman certifying as to quality and quantity, thus avoiding claims for shortage."

*Winnipeg a
Milling Centre*

In later years, the Trade agreed to the principle of sample markets and mixing, because these permitted the disposal of, and, at times, created a premium for, "off grades" which otherwise would have had to remain unsold in the farmers' hands.

*Sample
Markets
and Mixing*

Mixing has been a great boon to producers, especially in years where disease and weathering has resulted in much inferior grain.

Complaints were received from Foreign buyers regarding the presence of an excessive percentage of diseased kernels and foreign matter in our wheat. The President of the Exchange in his annual address, Jan. 13th, 1892, referred to the matter as follows:

ASSISTING THE PRODUCER

"The system of farming in this country should engage in a greater measure the attention of the Exchange, and any practical suggestion based on our experience in the handling of cereals, tending to improved methods whereby better results in the quality of grain produced might obtain, will undoubtedly be well received by the farmers . . . there should be more of a spirit of rivalry in the quality of grain produced from the soil . . . It must also be borne in mind, that in a year of great plenty the world over, the lower grades of grain are difficult of sale unless at a heavy depreciation . . . The presence of smut in this country has become a troublesome feature in handling the crop."

The Exchange sent samples of various weed seed, smut, etc., to Dr. Saunders at Ottawa. Dr. Saunders replied:

"The smutty grain you sent is a very bad sample of the bunt or stinking smut. This can be got rid of to a very large extent by treating the grain before sowing When very smutty wheat was sown about one-half the crop was smutted When one pound of bluestone was used to 5 bushels of grain, the grain was almost entirely free from smut."

The Exchange issued 60,000 circulars to farmers carrying the details of the bluestone treatment. They sent a deputation to Hon. Thos. Greenway and persuaded the Provincial Government to also send out circulars. The result was that the damage from smut was reduced to small proportions. Some years later, the trade noted another increase in smutty grain and, after investigation, finding that the bluestone being sold contained in some cases as much as 65 % impurities, approached the Department of Inland Revenue

*Practical
Suggestions
to Farmers*

*Smut Becomes
Troublesome
Feature*

*Trade
Advocates
Bluestone
Treatment*

*Smut Damage
Kept Down*

with the result that all such impure bluestone was denied access to the country. The smut evil was again reduced to modest proportions.

In the early days the Exchange found it necessary to take an active interest in assuring that good seed wheat was supplied where needed. Following crop failures many districts every year were in difficulty. The Exchange in 1888, by deputation to the railway officials, arranged that all seed grain should be transported at half cost. They also arranged the collection of information as to where seed was needed and further, sent seed samples to each point with advices as to where it could be obtained.

*Supplying of
Seed Grain*

*Reduced
Freight Rates*

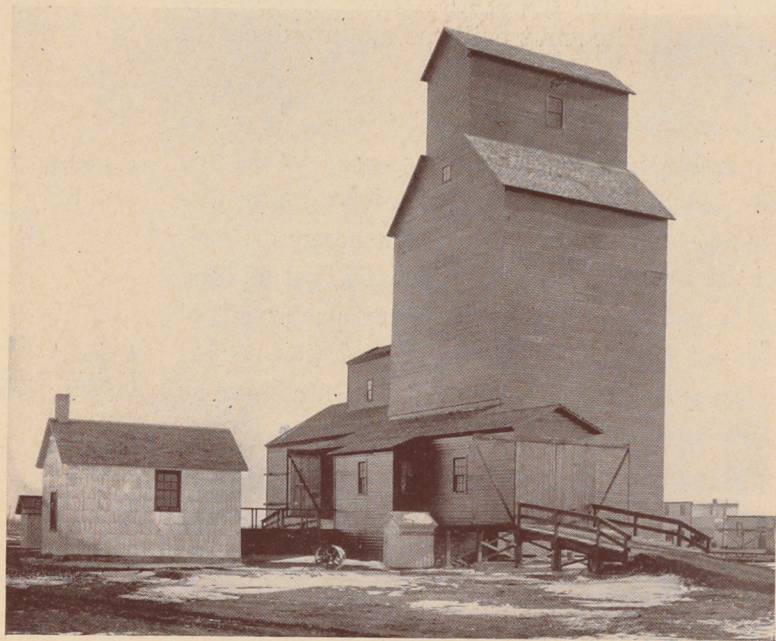
The Provincial Government was so impressed with the value of this work, that it asked the Exchange to continue it. For twenty-seven years, almost without exception, the Exchange did so, arranging in one year for seed and samples, etc., to over 700 points in Western Canada. In later years the Government took more and more interest in the matter, as in the case of plant diseases, and this burden no longer falls on the Exchange, but in the infant days of these Prairies, before the development of Government supervision, this work was of vital importance.

*Extensive
Seed Grain
Distribution*

BENEFITS SECURED BY ESTABLISHMENT OF GRAIN FUTURES MARKET

Casualties in the Grain Trade were numerous in the early years. In 1888, the dealers bought the farmers' wheat at prices as high as \$1.25 per bushel. The dealers had no expectation of any decrease before they could get the wheat into the hands of the foreign buyer and miller—a matter requiring from a few weeks to months. Shortly after purchasing the crop, the world price fell very rapidly.

*High Prices
in 1888*



Standard country elevator fully equipped. Capacity, 35,000 bushels. 1927.



Type of country elevator of forty years ago. Capacity, 20,000 bushels.

Almost every grain buyer in Western Canada was practically bankrupt for some years as a result. The wheat crop bought at from \$1.00 to \$1.25 per bushel was delivered to the millers at as low as 60c per bushel. The banks carried the dealers for some years and many eventually got on their feet again. This variation in world price and the inability to sell grain at once, placed a prohibitive handicap on the Trade. Again and again, buyers at country points paid the farmer the market price of the day, and before being able to deliver and sell the grain, had the price drop. Many members had to forego a business with such risks. Those who remained were faced with two alternatives: either the grain had to be bought from the farmer at a heavy discount under the market price at the time of sale, or some system must be evolved whereby the buyer of the actual grain could be able to re-sell at once.

*Market Decline
Ruins Grain
Firms*

*Heavy Buying
Discount
Versus System
to Re-Sell
Purchases*

The first alternative was out of the question. It would have meant the end of grain production on these prairies for anything but home consumption.

So the trade set to work to arrange a system whereby the buyer of grain at country points could pay the market price of that day, less reasonable handling charges, and resell the grain the same or following day to the foreign or home buyer. They could not deliver the grain the same day, but arranged to sell it for future shipment.

After many years, during much of which protection was assured by using the Chicago market, the Trade finally in 1901. succeeded in establishing the necessary facilities, whereby the miller, foreign buyer, or anyone could buy our grain, agreeing as part of the transaction to take delivery at later dates. These people are the ones who make possible

*Grain Futures
Market
Established*

the buying of the farmers' grain at country points without discount under the market price of the day.

This is the basic purpose of the least understood, perhaps the most maligned, and yet the producers' greatest benefactor, the Grain Futures Market.

MAINTAINING HIGH STANDARDS

*Permanent
Standards for
Grading*

The view of the Trade has always been that standards should be permanent, that grading should be by samples, conforming as closely as possible, to these fixed standards, and that the task of a Government appointed and supervised inspection, should be to hold the actual grading within the limits allowed by statute.

*Right of
Appeal*

The Trade recognizing the fundamental necessity of the above, stands by the principle of the right of appeal by producer, grain-buyer or miller, against any grading. Further, the decision of the Appeal Board to be based on the permanent standards.

This conception is a necessity if our advantage in the world market is to be maintained. The actual production of wheat on these prairies is at stake. It is in reality the ultimate consumer placing his command upon the producer.

*Flour Quality
Requires
Standard
Sample of
Wheat*

The miller by special treatment of a combination of particular grades of wheat, produces a flour with certain definite and uniform qualities. One mixture and treatment might produce a bread flour, another a cake flour, another a pastry flour, and another a pancake flour. Each variety is advertised and, at great expense, the public is educated to the use of the particular brand. Let there be changes or a lack of uniformity in these brands of flour and the public shows its resentment. The miller can maintain the identity

of treatment, but it is only by the permanency of the standards of wheat that he can be assured that fluctuations in quality will not occur. We will say that a combination consists of fixed percentages of three different grades of wheat. It is obvious that the miller must buy months ahead of the actual growing of the wheat. If the standards of these grades were changed from year to year, he could not rely on the uniformity of his brands of flour. Consequently, he would turn to a market whose methods guaranteed him against such serious effects.

*Grain
Standards Not
to Change*

That our grain standards and grading from year to year, are uniform and reasonably unvarying, is amply proven by the premium commanded by our wheat and by the confidence which British and other millers have in Canadian inspection.

*Confidence of
Millers*

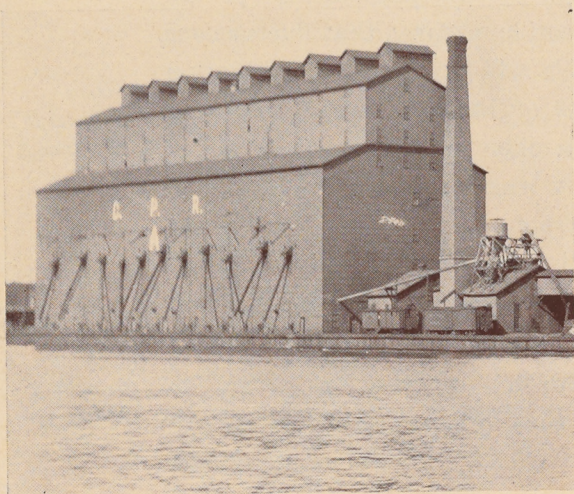
We must be fair to the agency that turns our wheat to flour. Certain and unvarying standards are essential if we are to continue to occupy our present premier position. It may occur to the worried farmer, "well the grading is too strict, other countries are not so particular." The answer is, "The grain of other countries is not so eagerly sought and neither does the grain of other countries command a premium."

*Strict Grading
Maintains
Premium*

Permanent standards and strict grading are in the interests of the producer.

The story of the evolution of our present system of permanent standards and of an impartial government controlled inspection service, is one in which the Trade has had to take the place of a buffer between two conflicting forces. One demanding rigid grading by fixed standards; the other favoring the establishment of a more volatile standard.

*Grain Trade
Acts as Buffer*



Type of one of the first terminal elevators at Fort William.



One of the original grain carrying boats. Capacity, 40,000 bushels.

The Trade has no apology to make for having taken the side of the former. Upon that depended the maintenance of a keen demand for our grain.

KEEPING THE IDENTITY

In 1888, the Grain Standards for the Dominion were fixed at Toronto. As the standards recommended by the Western Boards of Trade did not meet with the approval of the Easterners, none were set for Manitoba. The Exchange approached the Dominion Government and secured an arrangement whereby the standards for the year were set by the Winnipeg Board of Grain Examiners, and the grain inspectors of Winnipeg and Port Arthur.

*Winnipeg
Board of Grain
Examiners*

This marked the beginning of a campaign to place the setting of grain standards for Western grains in the hands of responsible authorities, resident West of Lake Superior.

It was felt that if the West were to secure the full market and advertising value of its wheat, that its grain must have distinctive names and that its identity as such be preserved.

*Preserving
Identity of
Western Grain*

This meant that the practice of Easterners to take a certain percentage of our hard wheat and mix in their grains and thus boost their inferior product at our expense, must be brought to an end. This entailed that certificates accompanying our grain and labelling it as No. 1 Hard, or whatever the grade might be, must be certificates issued at Winnipeg, and not at Montreal or other Eastern points. Any wheat appearing on the world market as prairie grain, must be 100% prairie grown.

In 1889, the Exchange paid the transportation expenses of a delegation from the Western Boards of Trade and the

*Grain
Standards
Fixed Annually
in the West*

Exchange to Ottawa, with the result that a change was made in the General Inspection Act, allowing the Boards of Trade of Manitoba and North West Territories, to meet annually in Winnipeg to fix the standards on all grain West of Lake Superior.

*Official
Weigh-Masters*

In the same year the Exchange pressed for the appointment of official Weigh-Masters at all large elevator centres, so that all grain entering and leaving, should be weighed by Government officials who would issue certificates. This was finally secured in 1891.

*Inspection of
Grain Through
U.S. Ports*

In the same year a delegate represented the Exchange at a New York meeting. Canadian grain inspection certificates were essential for grain passing through the United States, and no one else must be allowed to issue them. To do so would permit abuses to creep in, lowering the prestige of our grain. The result was the definite acceptance of the principle that Canadian certificates only should be issued for Canadian grain.

*Sampling Cargo
Lots*

Complaints were received as to the way samples for inspection were drawn from cargo lots shipped from Fort William. The Exchange immediately sent a delegate to Fort William. The unsatisfactory condition was remedied.

Arrangements were also made for appeals from Port Arthur and Fort William grading (1893).

*Government
Recognizes
Western Grain
Standards
Board*

In 1894, early in the year and again in December, and also in 1895, the Exchange, by resolution and deputation, strongly pressed the Dominion Government to finally recognize and fix permanently in the Act, that the Board to select standards for Manitoba and the North West Territories grain, should be composed of competent persons living West of Lake Superior.

This was ultimately agreed to and the principle established by The Grain Act, 1901. Yet, as late as 1904, the Exchange found it necessary to block an effort by Montreal, to have inspection and grading certificates for Western grain, issued at that port. They also found it necessary to check a practice in United States of issuing certificates labelling certain grain "Man. No. 1 Hard, Duluth Inspected."

*Western
Inspection
Established on
Export Grain*

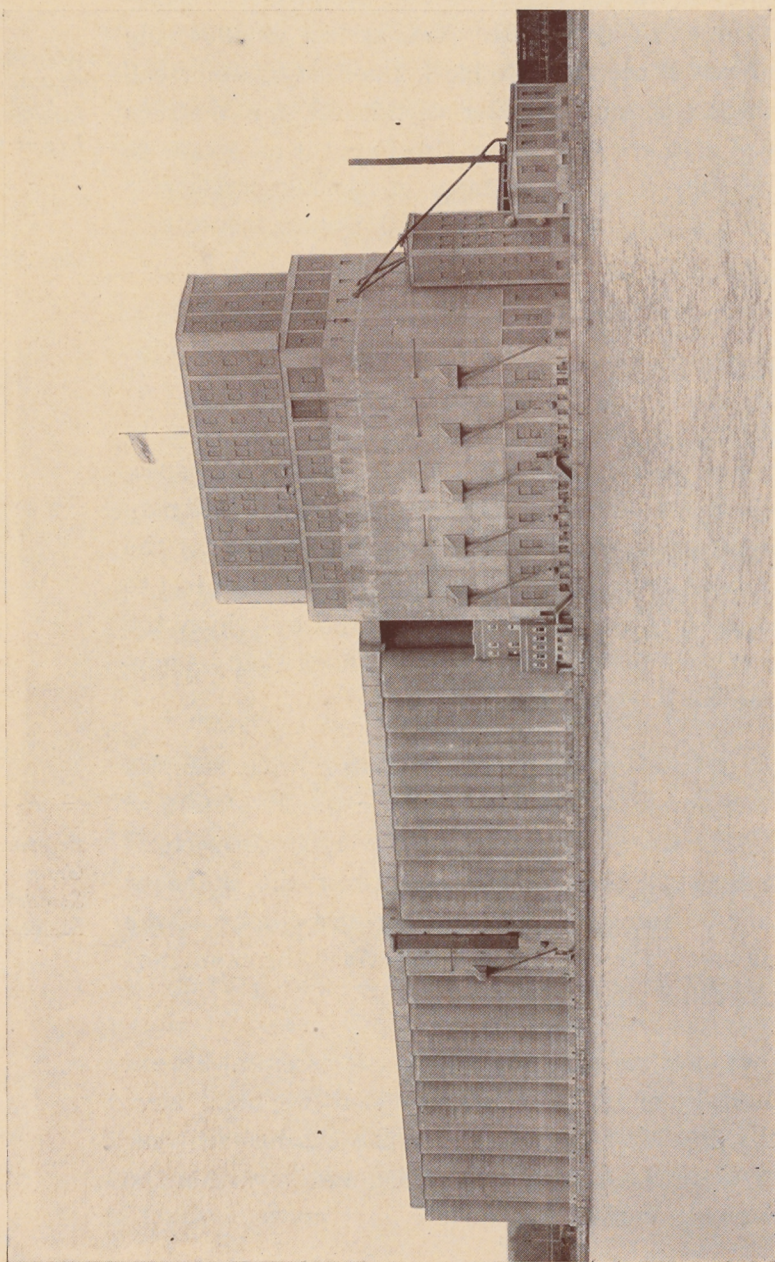
GUARDING SAMPLES

In 1894, considerable difference of opinion existed as to the proper interpretation of a clause, (sec. 15) in The Inspection Act, which stated that: "The Governor-in-Council may appoint such persons as he deems properly qualified for the purpose of choosing samples of any of the articles subject to inspection under the Act, to be standards by which the Inspectors of such articles throughout Canada shall be governed in the work of inspection."

It was claimed by some that no matter what samples might be chosen by the Standards Board, the Inspectors or the Grain Examiners, on an appeal from an Inspector's grading, might, at their option, pass over the Standard Samples, and be guided entirely on their own opinion of the meaning of the Act Schedule which described the characteristics of the different grades.

*Permanent
Grain
Standards
Maintained*

Here was a direct threat at the basic essential toward which the Exchange was working: That we must have permanent standards and that the samples chosen each year must conform to the statutory standard and be within the reasonable range fixed by law.



Modern terminal elevator plant, Fort William, 1927.

Accordingly, the Exchange protested, with the result that the Department of Inland Revenue agreed with the Exchange that "the Samples must be chosen according to the Act Schedule and that the Inspectors and Boards of Examiners on Appeals, must be governed by the sample so chosen."

Even though demanding this, we find the Exchange not unreasonable. In 1895, some districts from a mistaken idea of advertising their locality, sent in only the best samples available, having no regard to the fact that the fixed standard allows a reasonable range. The Exchange took this up and saw that the practice was stopped.

*Standards
Fixed Allow
Reasonable
Range*

In 1895, the Government set the inspection charge at 60c per car. The Exchange protested and the charge was lowered to 40c.

*Inspection Fee
Reduced*

In 1899, the Exchange again forced the issue for final settlement of fixed standards for all higher grades of Western Wheat, the extension of the Manitoba Inspection Department to Fort William and for Manitoba Inspection of all grains passing through Winnipeg.

*Winnipeg and
Fort William
Inspection*

The Government agreed to all these changes.

In the same year, the Exchange secured the appointment of a Board of Survey whose duty it was to give final decision on grading of grain, when disputes arise between the owner and the inspection officials as to the quality of the grain.

*Survey Board
Established*

Perhaps no one particular thing has brought censure on the Exchange, as much as its attitude toward the regulations concerning grain standards, grading and inspection generally. Yet all the way through, the Exchange has

*Impartial
Government
Supervision*

asked these things that the prestige of our grain might remain high. That the principles for which it fought have been installed in the Grain Act, and that today they are accepted as correct, is a tribute to the Exchange and the farsightedness of its policy in this regard. The Exchange has throughout demanded that Government supervision—impartiality—be assured.

By 1901, the reputation of prairie grain was so high that other countries came seeking our seed. However, though supplied with our seed, they could not take our soil and climate, so that the top position of Western Canadian grain is unchallenged, and will remain so, if Western Canadians continue to recognize that in addition to efficient production and marketing, they must support a system of standards and grading upon whose integrity, in the future as in the past, the grain importer may rely.

*Premier
Position of
Prairie Grain
Unchallenged*

CHANGING CONDITIONS CREATE A MARKET

Contrary to the common impression, the marketing process does not commence after threshing, but begins with the preparation of the seed-bed, and continues throughout every stage of seeding, stooling, heading, filling, ripening, harvesting, threshing and beyond actual delivery. Our crop is in demand long before its appearance on the market. Each hazard having an effect on its quality and quantity is reflected in the advance buying and selling, and the consequent price, therefore, from day to day.

*Influences
Bearing on
Market*

But prices are not set just by a consideration of conditions relative to our crop. The importing countries, millers, etc., in ordering in advance for their prospective require-

*Foreign Crop
Prospects a
Prime Factor*

ments, take into consideration the probable exportable surplus in other countries. The Trade must do the same if our products are to be accorded their fair value.

Our prospective production and its quality, the production of other countries, and the demand and buying power of the importing nations must be gauged. Any information relative to these must be immediately available.

Even a casual visit to the Winnipeg Grain Exchange cannot fail to reveal the elaborate system for the collection and dispersal of information relative to marketing. A further examination would show that the whole system, by which crop statistics and crop reports are now made available through newspapers, bulletin boards, wire services, Government agencies, etc., is but the result of fifty years of active effort by the Trade.

*Crop Reports
and Statistics*

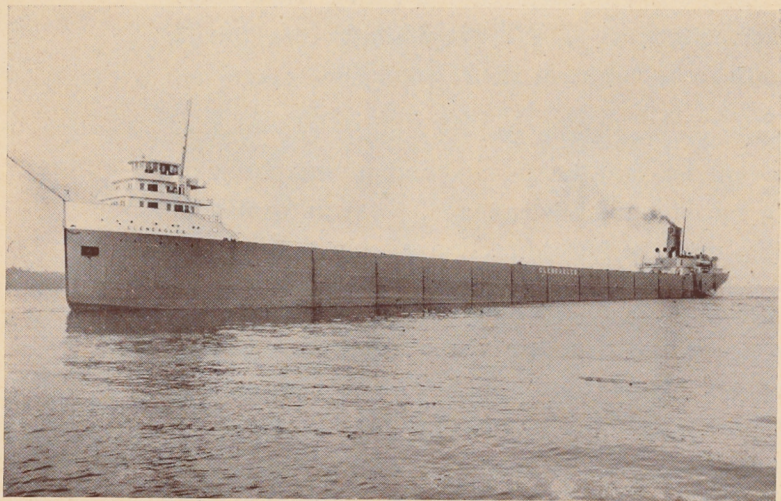
It is a consideration of the mass of information thus provided, and the free interplay of opinions as to its importance, that brings about the buying and selling which establishes the market price from time to time.

*Opinions as to
Conditions
Promote Trade*

Any farmer who in a few hours has seen the signs of rust develop, or a few minutes hail, or a night frost, cut his crop returns a half, a quarter, an eighth, or a tenth will realize how in a similar manner the market price may change, affected as it is not only by Canadian conditions but by all the factors affecting the quality and yield of the grain of other countries.

Market price variations have been seldom any more marked or violent than have been the changes in prospective production and variations in demand upon which price depends.

*Price
Variations in
Line With
Conditions*



*Steamer "Glen Eagle." Capacity,
400,000 bushels. Modern type lake
carrying vessel, 1927.*

DEVELOPMENT OF MARKETING FACILITIES

The actual physical marketing of our grain after it leaves the farmers' hands, has resulted in the evolution of a most complete bulk handling system. The process is one that has involved the participation of the trade, the transportation companies, the banks and the Government. Upon the development of an economical method of putting our grain on the markets of the importing countries and in the hands of our home consumers, depended its continued appearance on the world mart.

*Evolution of an
Efficient
Marketing
System*

To properly handle the grain meant the providing of storage capacity with facilities for weighing, cleaning and scouring, drying, special binning and loading at maximum efficiency. It involved the training of elevator men, supervisors, head office staffs, transportation crews, statistical and information staffs, sales staffs, intimate and immediate control methods,—a personnel of thousands—in order that the grain be received, put in good condition, and forwarded to the world market.

*Machinery of
the Grain
Trade*

Strikes of stevedores and trainmen in Canada, U. S. and England, and shortage of cars and vessels, have at times caused blockades. The Trade has not been responsible for these.

*Facilities Keep
Pace With
Production*

The enormous growth in grain production and storage facilities affords the following interesting illustration of the manner in which the producer and the Trade have each fulfilled their part.

	ACREAGE		PRODUCTION	
	Wheat	All Grains	Wheat	All Grains
1890 ---		1,400,558		29,601,609
1900 ---	1,870,260	2,651,462	17,053,546	33,576,808
1905 ---	3,881,199	6,185,615	84,175,226	176,034,746
1910 ---	8,219,981	13,691,838	120,487,310	262,947,381
1915 ---	13,867,715	22,011,914	360,187,000	682,712,726
1920 ---	16,841,174	30,623,528	234,138,300	605,058,200
1926 ---	21,896,713	33,791,658	383,440,000	701,664,000

	—Country Elevators—		Terminal	Total
	No.	Total Capacity	Elevator Capacity	Elevator Capacity
1890 -----	223	3,758,000	3,870,000	7,628,000
1895 -----	373	8,183,000	5,575,000	13,873,000
1900 -----	574	13,988,000	6,920,000	20,908,000
1905 -----	1,049	31,323,200	17,912,000	49,235,200
1910 -----	1,860	57,043,300	21,740,700	78,784,000
1915 -----	2,989	93,863,000	*52,680,000	146,543,000
1920 -----	3,773	126,656,620	65,795,350	192,451,970
1926 -----	4,437	146,584,200	94,592,000	241,176,200

A reasonable storage capacity, taking into consideration the number of times it may be emptied and refilled in a season, is placed at one-quarter of the crop. That the Trade has not lagged is apparent.

The trade has been instrumental in securing reductions in freight, weighing, inspection, insurance and demurrage charges and has taken a lead in securing the provision of more rolling stock by the railways. The fight for the use of ice-breakers at Canadian ports so that the shipping season might be extended is a story in itself.

In 1890, the Exchange took up the question of keeping Fort William harbour open longer. The matter was pressed until in 1898, the Hon. J. Israel Tarte, exasperated at their persistence, wrote as follows:

*Benefits
Secured for
Producer*

*Pressure for
Longer Season
of Lake
Navigation*

Office of Minister of Public Works,

Ottawa, Nov. 14/98.

Sec. Grain and Produce Exchange,

Winnipeg, Canada,

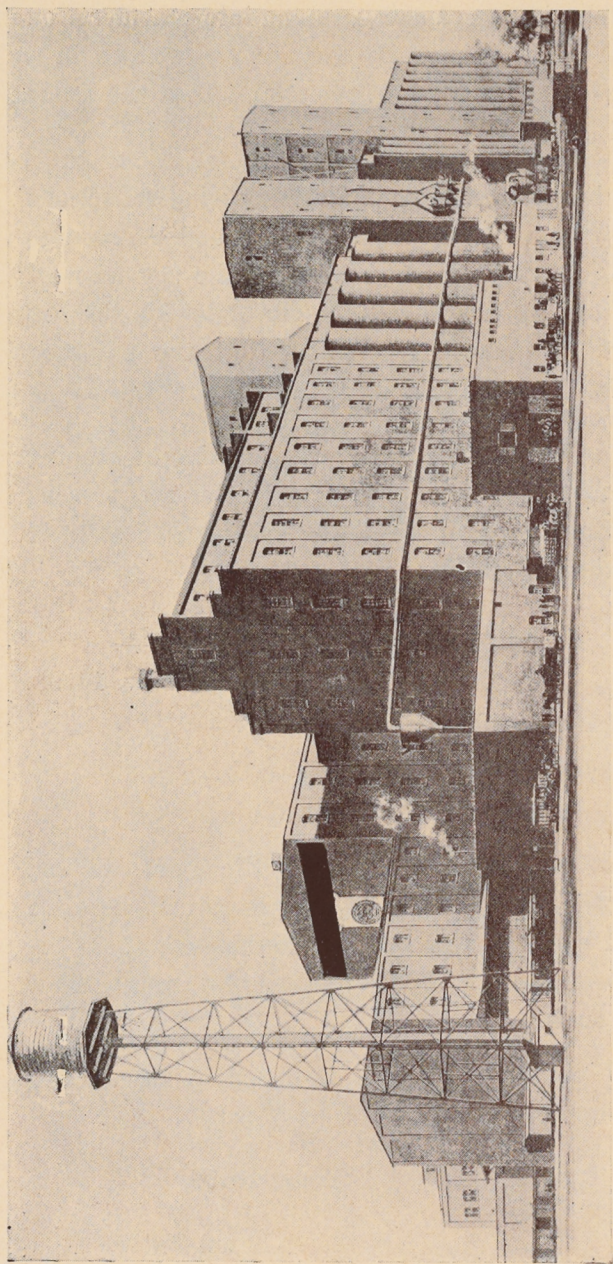
My Dear Sir:

We cannot do anything to keep the Fort William harbour free of ice during the winter. Nature is stronger than man, and as we have no proper equipment, either for Fort William or other harbours, we have to let things follow their natural course.

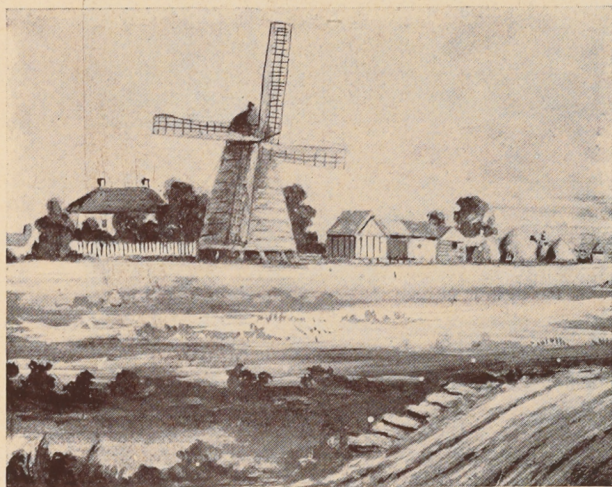
We would like very much in Montreal to have a few days more navigation, but we can't get them.

Yours truly,

Israel Tarte.



Flour mill typical of Western Canada, 1927



*"Brown's original flour mill,
Winnipeg, at time of Confederation."*

*Modern mill on opposite page,
located within view of old mill site.*



"Sampling Room," Dominion Grain Inspection Department, Winnipeg, 1927

But the Trade was not discouraged and pressed the question, until today ice-breakers do operate in Canadian ports.

The evolution of Western Canada's grain handling system passed through two phases. The first up to 1908, in which the major and fundamental lines of grain handling were developed, experience was being gained, and certain broad and essential principles were being determined and fixed in the system. The foundations then laid have persisted.

*Two Phases in
Evolution of
Grain
Marketing
System*

The second phase dates from 1908 to the present. The original structure still stands four square, but into it has been introduced an exact science of management. The keynote of the Trade today is efficiency of operation, and the fact that other forces entering the field, have not put into effect the advertised changes, of which they professed the intention of instituting, is testimonial enough to that efficiency.

*Efficiency of
Operation*

He who wishes may glean the story of the Trade's work by comparing the Canada Grain Act of today with the regulations of fifty years ago. Others may find it in the elevator system through which pour the enormous crops of the present. It may be seen in the wealth per capita of these provinces.

*Function of
Grain Trade*

The Grain Trade is an industry. Its function has been to produce efficiency and economy in grain marketing.

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